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EB/CBA FOR FMERMOUND, DENNIS WINSTEAD  
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WHA FOR WHA/BSC AND WHA/EPSC  
E FOR THOMAS PIERCE  
PASS NSC FOR JOSE CARDENAS  
PASS FED BOARD OF GOVERNORS FOR PATRICE ROBITAILLE  
PASS USTR FOR EEISSENSTAT, SCRININ, MSULLIVAN  
TREASURY FOR AFAIBISHENKO, NLEE  
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US SOUTHCOM FOR POLAD

E.O. 12958: N/A  
TAGS: [EINV](#) [ECON](#) [ENRG](#) [EPET](#) [AR](#)  
SUBJECT: EMBASSY ADVOCACY WITH MINISTER DE VIDO ON BEHALF OF U.S.  
INVESTORS

Ref: (a) BsAs 70

(b) 06 BsAs 2808  
(c) 06 BsAs 2598

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should not be made available on the internet.

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Summary  
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¶1. As part of ongoing Embassy efforts to advocate on behalf of U.S. companies in Argentina, the Ambassador asked Planning Minister De Vido to participate in investor roundtables for U.S. electricity/gas and civil aviation sector players. Ambassador also noted (1) Turner Broadcasting's recent \$235 million purchase of Argentina's Claxon broadcasting, a move that will see Argentine channels and locally produced media content marketed internationally by Turner; (2) CS Solutions' request for the GoA to acquire offshore oil and gas exploration blocs; (3) concerns expressed by U.S. investment fund Eton Park over ongoing delays in regulatory approval for its purchase of a 26% stake in regulated electricity transmission company Transener; and (4) U.S. hydrocarbon exploration major Apache Energy's concern that the GoA's recent revocation of export tax exemptions for oil and gas exports from Tierra del Fuego province had substantially lowered the value of its recent \$800 million-plus investment in the region. As a senior advisor and confidant to President Kirchner, Minister De Vido has proven a key GoA interlocutor to address U.S. investor concerns. END SUMMARY

¶2. In a January 15 meeting with Minister De Vido which focused on Argentina's priorities at the upcoming Rio Mercosur Summit (Ref A),

the Ambassador also highlighted recent and planned new U.S. investment in Argentina and raised concerns expressed by some energy sector players.

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U.S. Investor Roundtables  
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¶3. (SBU) Following up on Minister De Vido's earlier suggestion that he and the Ambassador co-host sector-specific roundtables with U.S. investors to address their concerns, Ambassador noted that company officials of U.S. electricity and gas sector (AES, CMS, Duke, Eton Park, E-On/LG&E), as well as civil aviation sector (American, Continental, Delta, Fed-Ex, United, UPS) investors were eager to take De Vido up on his offer. Ambassador hoped to arrange a first civil aviation sector roundtable this month, before parliament considers a controversial law that, in part, deals with the cost and quality of services provided to U.S. air carriers by Argentina's privatized airport concession owner. De Vido agreed to arrange a date for this meeting as soon as possible.

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Turner Broadcasting Expands Argentine Investment  
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¶4. (U) The Ambassador noted that Turner Broadcasting, a Time Warner Company, has recently acquired (pending GoA regulatory approval) Claxon, a major Argentina-based competitor in Latin America, for U\$S 235 million. This is in addition to Turner Broadcasting's ongoing investments in Argentina, including its purchase last year of a large building in San Telmo where it transmits its channels to all Latin America (CNN, CNN en Espanol, TNT, TCM). The Ambassador called this a good case for President Kirchner to highlight since this acquisition will permit a U.S. company to market Argentine

creative products and services (local channels and locally produced content) to the world. He also noted that President and COO of Time Warner, Jeffrey Bewkes, will visit Buenos Aires at the end of the month and seek high level meetings.

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CS Solutions Seeks Offshore Drilling Approval  
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¶5. (SBU) The Ambassador noted that U.S. drilling player CS Solutions is seeking approval from state energy company ENARSA for its bid to acquire shallow offshore oil and gas exploration blocs. De Vido was aware of CS' bid, said that his energy Secretariat welcomed CS entry into the Argentine hydrocarbon exploration market, and that ENARSA approval should be forthcoming within a few weeks.

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Eton Park: Electricity Trans Investment Approval  
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¶6. (SBU) The Ambassador noted concerns expressed by major U.S. investment funds Eton Park over ongoing delays in regulatory approval for its purchase of a 26% stake in regulated electricity transmission company Transener from Petrobras (Ref C). Final GoA approval of Eton Park's investment in Transener, the Ambassador said, would be seen as a positive signal by the GoA to the institutional investment community in the United States at a time when Argentina is striving to welcome foreign direct investment, particularly in strategic sectors related to infrastructure and energy. De Vido said he understood that Petrobras was still in the process of accepting bids from potential buyers. (Note: According to Eton Park, this is not the case - the Eton Park bid and 20% down payment was accepted by Petrobras months ago. Ambassador will send a clarifying letter to Minister De Vido seeking expedited regulatory approval)

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Apache Energy Seeks Compensation  
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¶7. (SBU) Finally, the Ambassador noted U.S. hydrocarbon exploration major Apache Energy's concern that the GoA's recent decision to exclude export tax exemptions for oil and gas exports from Tierra del Fuego province's broad tax concession program had substantially lowered the value of its recent \$800 million-plus investment in the region. De Vido cast this GoA action as a fait accompli with little the GoA could do to compensate Apache without offering similar treatment to other international oil companies operating in the region. He also expressed his strong support for Apache's presence and performance in Argentina.

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Comment  
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¶8. (SBU) In De Vido's role as Planning Minister, he is directly responsible for Argentina's energy, telecommunications, transportation, and mining sectors. As a senior advisor and confidant to President Kirchner, he has proven himself an important - perhaps the key - GoA interlocutor to address U.S. investor concerns. Post will continue to advocate aggressively on behalf of U.S. investors in Argentina many of whom, while largely profitable, remain concerned by delays in regulatory approvals and sudden changes in the GoA's regulatory and tax regimes.

WAYNE